

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)

Plaintiff,)

v.)

ROGER MARTIN PEDLEY,)

Defendant.)

INDICTMENT *CR 13-69 MJD/LIB*

(31 U.S.C. § 5324)

(26 U.S.C. § 7201)

(18 U.S.C. § 1001)

THE UNITED STATES GRAND JURY CHARGES THAT:

**A. STRUCTURING OF FINANCIAL TRANSACTIONS TO AVOID A
REPORTING REQUIREMENT**

General Allegations:

At all times relevant to this indictment:

1. The defendant, ROGER MARTIN PEDLEY, owned the Pine Ridge Golf Club in Motley Minnesota, a business which consisted of a golf course, restaurant, bar, and banquet facility, and which generated substantial amounts of revenue in the form of cash.

2. The defendant, ROGER MARTIN PEDLEY, had accounts at the following eight financial institutions:

- Randall State Bank, Randall, Minnesota (hereinafter "Randall");
- Unity Bank, Staples, Minnesota (hereinafter "Unity");
- First International Bank and Trust, Staples, Minnesota (hereinafter "First International");

SCANNED

APR 10 2013

U.S. DISTRICT COURT ST. PAUL

FILED **APR 09 2013**
RICHARD D. SLETEN, CLERK
JUDGMENT ENTD _____
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U.S. v. Roger Martin Pedley

- Pine Country Bank, Little Falls, Minnesota (hereinafter "Pine Country");
- Mid Central Federal, Wadena, Minnesota (hereinafter "Mid Central");
- Bank of the West, Omaha, Nebraska (hereinafter "Bank of the West");
- Lakewood Bank, Nisswa, Minnesota (hereinafter "Lakewood"); and
- Center National Bank, Litchfield, Minnesota (hereinafter "Center National").

3. Cash transactions at a financial institution in amounts of more than ten thousand dollars conducted by, or on behalf of, one person in a single day (as well as multiple transactions in a single day that totaled more than \$10,000 by, or on behalf of, one person) were required to be reported by the financial institution to the United States Department of the Treasury on a form called a "Currency Transaction Report." Each of the financial institutions named in paragraph two (2) above was subject to this reporting requirement.

4. The defendant, ROGER MARTIN PEDLEY, knew of the reporting requirement described in paragraph three (3) above.

5. The defendant, ROGER MARTIN PEDLEY, used cash in numerous financial transactions including the purchase of traveler's checks, the purchase of cashier's checks, the purchase of money orders, deposits into his accounts at financial institutions, and making payments due on loans.

6. When the defendant had accumulated a sufficient quantity of cash, the cash was negotiated at financial institutions in structured transactions of less than ten thousand

U.S. v. Roger Martin Pedley

dollars (\$10,000) each. These under-\$10,000 cash transactions began no later than approximately September of 2004 and continued until approximately June of 2009.

7. Between on or about May 31, 2006 until on or about June 30, 2009, the defendant, ROGER MARTIN PEDLEY, conducted approximately 114 cash transactions of less than ten thousand dollars at the domestic financial institutions listed in paragraph two (2). Of these transactions, approximately 94 transactions were in the amount of \$9,900.

COUNT 1

(Structuring Cash Transactions to Evade a Reporting Requirement)

8. The grand jury re-alleges each of paragraphs 1 through 7 above as though they were set forth in full at this point.

9. On or about the dates set forth below, the defendant,

ROGER MARTIN PEDLEY,

knowingly and for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and any regulations promulgated thereunder, and with knowledge that conducting transactions in cash exceeding \$10,000 would require a domestic financial institution to file a Currency Transaction Report with the U.S. Treasury, structured the purchase with cash of approximately \$19,800 worth of cashier's checks in the manner and at the domestic financial institutions specified in the following table, all while violating another law of the United States (specifically, Tax Evasion, in violation of Title 26, United States Code, Section 7201) and did so as part of a pattern of

U.S. v. Roger Martin Pedley

illegal activity involving more than \$100,000 in the 12-month period between January 1, 2008 and December 31, 2008:

Date	Domestic Financial Institution	Amount	Brief Description of Transaction
05/28/2008	Unity	\$9,900	Purchase of cashier's check with cash
05/28/2008	First International	\$9,900	Purchase of cashier's check with cash

All in violation of Title 31, United States Code, Sections 5324(a)(3) and 5324(d)(2).

COUNT 2

(Structuring Cash Transactions to Evade a Reporting Requirement)

10. The grand jury re-alleges each of paragraphs 1 through 7 above as though they were set forth in full at this point.

11. On or about the dates set forth below, the defendant,

ROGER MARTIN PEDLEY,

knowingly and for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and any regulations promulgated thereunder, and with knowledge that conducting transactions in cash exceeding \$10,000 would require a domestic financial institution to file a Currency Transaction Report with the U.S. Treasury, structured the purchase with cash of approximately \$29,700 worth of cashier's checks in the manner and at the domestic financial institutions specified in the following table, all while violating another law of the United States (specifically, Tax Evasion, in violation of Title 26, United States Code, Section 7201) and did so as part of a pattern of

U.S. v. Roger Martin Pedley

illegal activity involving more than \$100,000 in the 12-month period between January 1, 2008 and December 31, 2008:

Date	Domestic Financial Institution	Amount	Brief Description of Transaction
06/03/2008	Randall	\$9,900	Purchase of cashier's check with cash
06/04/2008	Unity	\$9,900	Purchase of cashier's check with cash
06/04/2008	First International	\$9,900	Purchase of cashier's check with cash

All in violation of Title 31, United States Code, Sections 5324(a)(3) and 5324(d)(2).

COUNT 3

(Structuring Cash Transactions to Evade a Reporting Requirement)

12. The grand jury re-alleges each of paragraphs 1 through 7 above as though they were set forth in full at this point.

13. On or about the dates set forth below, the defendant,

ROGER MARTIN PEDLEY,

knowingly and for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and any regulations promulgated thereunder, and with knowledge that conducting transactions in cash exceeding \$10,000 would require a domestic financial institution to file a Currency Transaction Report with the U.S. Treasury, structured the purchase with cash of approximately \$49,500 worth of cashier's checks in the manner and at the domestic financial institutions specified in the following table, all while violating another law of the United States (specifically, Tax Evasion, in violation of Title 26, United States Code, Section 7201) and did so as part of a pattern of

U.S. v. Roger Martin Pedley

illegal activity involving more than \$100,000 in the 12-month period between January 1, 2008 and December 31, 2008:

Date	Domestic Financial Institution	Amount	Brief Description of Transaction
11/10/2008	Randall	\$9,900	Purchase of cashier's check with cash
11/10/2008	Unity	\$9,900	Purchase of cashier's check with cash
11/10/2008	First International	\$9,900	Purchase of cashier's check with cash
11/10/2008	Pine Country	\$9,900	Purchase of cashier's check with cash
11/11/2008	First International	\$9,900	Purchase of cashier's check with cash

All in violation of Title 31, United States Code, Sections 5324(a)(3) and 5324(d)(2).

COUNT 4

(Structuring Cash Transactions to Evade a Reporting Requirement)

14. The grand jury re-alleges each of paragraphs 1 through 7 above as though they were set forth in full at this point.

15. On or about the dates set forth below, the defendant,

ROGER MARTIN PEDLEY,

knowingly and for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and any regulations promulgated thereunder, and with knowledge that conducting transactions in cash exceeding \$10,000 would require a

U.S. v. Roger Martin Pedley

domestic financial institution to file a Currency Transaction Report with the U.S. Treasury, structured the purchase with cash of approximately \$29,700 worth of cashier's checks in the manner and at the domestic financial institutions specified in the following table, all while violating another law of the United States (specifically, Tax Evasion, in violation of Title 26, United States Code, Section 7201) and did so as part of a pattern of illegal activity involving more than \$100,000 in the 12-month period between January 1, 2009 and December 31, 2009:

Date	Domestic Financial Institution	Amount	Brief Description of Transaction
03/30/2009	Unity	\$9,900	Purchase of cashier's check with cash
03/30/2009	First International	\$9,900	Cash deposit
04/01/2009	Randall	\$9,900	Loan payment in cash

All in violation of Title 31, United States Code, Sections 5324(a)(3) and 5324(d)(2).

COUNT 5

(Structuring Cash Transactions to Evade a Reporting Requirement)

16. The grand jury re-alleges each of paragraphs 1 through 7 above as though they were set forth in full at this point.

17. On or about the dates set forth below, the defendant,

ROGER MARTIN PEDLEY,

knowingly and for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and any regulations promulgated thereunder, and with

U.S. v. Roger Martin Pedley

knowledge that conducting transactions in cash exceeding \$10,000 would require a domestic financial institution to file a Currency Transaction Report with the U.S. Treasury, structured the purchase with cash of approximately \$29,700 worth of cashier's checks in the manner and at the domestic financial institutions specified in the following table, all while violating another law of the United States (specifically, Tax Evasion, in violation of Title 26, United States Code, Section 7201) and did so as part of a pattern of illegal activity involving more than \$100,000 in the 12-month period between January 1, 2009 and December 31, 2009:

Date	Domestic Financial Institution	Amount	Brief Description of Transaction
04/06/2009	First International	\$9,900	Purchase of cashier's check with cash
04/06/2009	Pine Country	\$9,900	Purchase of cashier's check with cash
04/07/2009	Randall	\$9,900	Purchase of cashier's check with cash
04/07/2009	Unity	\$9,900	Purchase of cashier's check with cash

All in violation of Title 31, United States Code, Sections 5324(a)(3) and 5324(d)(2).

COUNT 6

(Structuring Cash Transactions to Evade a Reporting Requirement)

18. The grand jury re-alleges each of paragraphs 1 through 7 above as though they were set forth in full at this point.

19. On or about the dates set forth below, the defendant,

ROGER MARTIN PEDLEY,

U.S. v. Roger Martin Pedley

knowingly and for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and any regulations promulgated thereunder, and with knowledge that conducting transactions in cash exceeding \$10,000 would require a domestic financial institution to file a Currency Transaction Report with the U.S. Treasury, structured the purchase with cash of approximately \$39,600 worth of cashier's checks in the manner and at the domestic financial institutions specified in the following table, all while violating another law of the United States (specifically, Tax Evasion, in violation of Title 26, United States Code, Section 7201) and did so as part of a pattern of illegal activity involving more than \$100,000 in the 12-month period between January 1, 2009 and December 31, 2009:

Date	Domestic Financial Institution	Amount	Brief Description of Transaction
05/13/2009	Randall	\$9,900	Purchase of cashier's check with cash
05/13/2009	Pine Country	\$9,900	Purchase of cashier's check with cash
05/13/2009	First International	\$9,900	Purchase of cashier's check with cash
05/15/2009	First International	\$9,900	Purchase of cashier's check with cash

All in violation of Title 31, United States Code, Sections 5324(a)(3) and 5324(d)(2).

B. TAX EVASION

General Allegations:

20. In each of tax and calendar years 2006, 2007, 2008, and 2009, the defendant, ROGER MARTIN PEDLEY, was married.

U.S. v. Roger Martin Pedley

21. In each of tax and calendar years 2006, 2007, 2008, and 2009, the defendant, ROGER MARTIN PEDLEY, and his spouse had substantial income, on which income tax was due and owing to the United States of America.

22. In each of tax and calendar years 2006, 2007, 2008, and 2009, the defendant, ROGER MARTIN PEDLEY, and his spouse derived significant income in cash from the Pine Ridge Golf Club in Motley, Minnesota.

23. Cash transactions at a financial institution in amounts of ten thousand dollars or more were required by law to be reported by the financial institution to the United States Department of the Treasury on a form called a "Currency Transaction Report." Each of the financial institutions named in paragraph two (2) above was a domestic financial institution subject to this reporting requirement.

24. The defendant, ROGER MARTIN PEDLEY, knew of the reporting requirement described in paragraph 23 above.

25. The defendant, ROGER MARTIN PEDLEY, used cash in numerous financial transactions, including the purchase of traveler's checks, the purchase of cashier's checks, the purchase of money orders, deposits into his accounts at financial institutions, and the making of payments due on loans.

26. These cash transactions were in amounts of less than ten thousand dollars (\$10,000). Between on or about May 31, 2006 until on or about June 30, 2009, the defendant, ROGER MARTIN PEDLEY, conducted approximately 114 cash transactions of less than ten thousand dollars at the domestic financial institutions listed in paragraph

U.S. v. Roger Martin Pedley

two (2). Of these transactions, approximately 94 transactions were in the amount of \$9,900.

27. In an effort to evade and defeat the payment of substantial federal income tax due and owing to the United States of America in 2006, 2007, 2008, and 2009, the cash in the structured transactions described in paragraphs 22 – 26 above was not reported as income on the joint U.S. Federal Income Tax Return filed on behalf of himself and his spouse by the defendant, ROGER MARTIN PEDLEY, for 2006, 2007, 2008, and 2009.

28. The financial books of account of the Pine Ridge Golf Club were handwritten in spiral notebooks. The defendant, ROGER MARTIN PEDLEY, informed a Special Agent of the Internal Revenue Service – Criminal Investigation Division that he had destroyed the documents that were the source of the data entered in the notebooks, for example, cash register tapes.

COUNT 7
(Tax Evasion - 2006)

29. The Grand Jury re-alleges each of paragraphs 20 through 28 above as though they were set forth in full at this point.

30. On or about April 15, 2007, in the State and District of Minnesota, the defendant,

ROGER MARTIN PEDLEY,

did willfully attempt to evade and defeat a significant portion of the federal income tax due and owing by him and his spouse to the United States of America for 2006 by (A)

U.S. v. Roger Martin Pedley

preparing and causing to be prepared, and by signing and causing to be signed, a false and fraudulent joint U.S. Federal Income Tax Return, Form 1040, on behalf of himself and his spouse, which was filed with the Internal Revenue Service. On line 43 of that Return, it was falsely stated that the defendant,

ROGER MARTIN PEDLEY,

and his spouse had joint taxable income for 2006 of only \$121,695, when in fact as the defendant,

ROGER MARTIN PEDLEY,

then and there well knew, he and his spouse had joint taxable income for 2006 of over \$200,000. The defendant further attempted to evade and defeat a large part of the income tax due and owing for 2006 by (B) structuring cash transactions as described in paragraphs 22 through 27 above; (C) by stating falsely to an IRS Agent on or about June 30, 2009 that his mother had given him thousands of dollars in cash; (D) by stating falsely to an IRS Agent on or about June 30, 2009 that a banker with whom he had done business had counseled him to structure his cash transactions; and (E) by destroying source financial documents such as cash register tapes.

All in violation of Title 26, United States Code, Section 7201.

COUNT 8

(Tax Evasion - 2007)

31. The Grand Jury re-alleges each of paragraphs 20 through 28 above as though they were set forth in full at this point.

U.S. v. Roger Martin Pedley

32. On or about April 15, 2008, in the State and District of Minnesota, the defendant,

ROGER MARTIN PEDLEY,

did willfully attempt to evade and defeat a significant portion of the federal income tax due and owing by him and his spouse to the United States of America for 2007 by preparing and causing to be prepared, and by (A) signing and causing to be signed, a false and fraudulent joint U.S. Federal Income Tax Return, Form 1040, on behalf of himself and his spouse, which was filed with the Internal Revenue Service. On line 43 of that Return, it was falsely stated that the defendant,

ROGER MARTIN PEDLEY,

and his spouse had joint taxable income for 2007 of only \$156,003, when in fact as the defendant,

ROGER MARTIN PEDLEY,

then and there well knew, he and his spouse had joint taxable income for 2007 of over \$400,000. The defendant further attempted to evade and defeat a large part of the income tax due and owing for 2007 by (B) structuring cash transactions as described in paragraphs 22 through 27 above; (C) by stating falsely to an IRS Agent on or about June 30, 2009 that his mother had given him thousands of dollars in cash; (D) by stating falsely to an IRS Agent on or about June 30, 2009 that a banker with whom he had done business had counseled him to structure his cash transactions; and (E) by destroying source financial documents such as cash register tapes.

All in violation of Title 26, United States Code, Section 7201.

U.S. v. Roger Martin Pedley

COUNT 9

(Tax Evasion - 2008)

33. The Grand Jury re-alleges each of paragraphs 20 through 28 above as though they were set forth in full at this point.

34. On or about April 15, 2009, in the State and District of Minnesota, the defendant,

ROGER MARTIN PEDLEY,

did willfully attempt to evade and defeat a significant portion of the federal income tax due and owing by him and his spouse to the United States of America for 2008 by (A) preparing and causing to be prepared, and by signing and causing to be signed, a false and fraudulent joint U.S. Federal Income Tax Return, Form 1040, on behalf of himself and his spouse, which was filed with the Internal Revenue Service. On line 43 of that Return, it was falsely stated that the defendant,

ROGER MARTIN PEDLEY,

and his spouse had joint taxable income for 2008 of only \$193,489, when in fact as the defendant,

ROGER MARTIN PEDLEY,

then and there well knew, he and his spouse had joint taxable income for 2008 of over \$590,000. The defendant further attempted to evade and defeat a large part of the income tax due and owing for 2008 by (B) structuring cash transactions as described in paragraphs 22 through 27 above; (C) by stating falsely to an IRS Agent on or about June 30, 2009 that his mother had given him thousands of dollars in cash; (D) by stating

U.S. v. Roger Martin Pedley

falsely to an IRS Agent on or about June 30, 2009 that a banker with whom he had done business had counseled him to structure his cash transactions; and (E) by destroying source financial documents such as cash register tapes.

All in violation of Title 26, United States Code, Section 7201.

COUNT 10
(Tax Evasion - 2009)

34. The Grand Jury re-alleges each of paragraphs 20 through 28 above as though they were set forth in full at this point.

35. On or about April 15, 2010, in the State and District of Minnesota, the defendant,

ROGER MARTIN PEDLEY,

did willfully attempt to evade and defeat a significant portion of the federal income tax due and owing by him and his spouse to the United States of America for 2009 by (A) preparing and causing to be prepared, and by signing and causing to be signed, a false and fraudulent joint U.S. Federal Income Tax Return, Form 1040, on behalf of himself and his spouse, which was filed with the Internal Revenue Service. On line 43 of that Return, it was falsely stated that the defendant,

ROGER MARTIN PEDLEY,

and his spouse had joint taxable income for 2009 of only \$325,921, when in fact as the defendant,

ROGER MARTIN PEDLEY,

U.S. v. Roger Martin Pedley

then and there well knew, he and his spouse had joint taxable income for 2009 of over \$600,000. The defendant further attempted to evade and defeat a large part of the income tax due and owing for 2009 by (B) structuring cash transactions as described in paragraphs 22 through 27 above; (C) by stating falsely to an IRS Agent on or about June 30, 2009 that his mother had given him thousands of dollars in cash; (D) by stating falsely to an IRS Agent on or about June 30, 2009 that a banker with whom he had done business had counseled him to structure his cash transactions; and (E) by destroying source financial documents such as cash register tapes.

All in violation of Title 26, United States Code, Section 7201.

COUNT 11

(False Statement to an IRS Agent)

36. On or about June 30, 2009, in the State and District of Minnesota, the defendant,

ROGER MARTIN PEDLEY,

did willfully make a materially false, fictitious, and fraudulent statement to a Special Agent of the Internal Revenue Service's Criminal Investigation Division ("IRS-CI"), a department and agency of the United States, in a matter within the jurisdiction of IRS-CI, when the defendant stated to the Special Agent that between 2004 and 2009 he had received approximately \$50,000 in cash each year from his mother, a statement the defendant then and there knew full well to be false.

All in violation of Title 18, United States Code, Section 1001.

U.S. v. Roger Martin Pedley

COUNT 12
(False Statements)

37. On or about August 6, 2009, in the State and District of Minnesota, the defendant,

ROGER MARTIN PEDLEY,

did willfully make a materially false, fictitious, and fraudulent statement to a Special Agent of the Internal Revenue Service's Criminal Investigation Division ("IRS-CI"), a department and agency of the United States, in a matter within the jurisdiction of IRS-CI, when the defendant stated to the Special Agent that an officer of a domestic financial institution with which the defendant did business had counseled him to "structure" cash financial transactions (i.e. to make cash transactions in amounts of less than ten thousand dollars) in order not to generate a Cash Transaction Report, a statement the defendant then and there knew full well to be false.

All in violation of Title 18, United States Code, Section 1001.

FORFEITURE ALLEGATIONS

38. The allegations contained in paragraphs 1 through 19 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeiture pursuant to Title 31, United States Code, Section 5317(c)(1).

39. Upon conviction of the offenses alleged in Counts 1 through 6 of this Indictment, the defendant,

ROGER MARTIN PEDLEY,

U.S. v. Roger Martin Pedley

shall forfeit to the United States pursuant to Title 31, United States Code, Section 5317(c)(1) all property, real or personal, involved in the offenses and any property traceable to such offenses, including funds in the amount of \$89,100 seized from Unity Bank Certificate of Deposit account 10348.

40. If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 31, United States Code, Section 5317(c)(1)(B).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON